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LAPP Website Survey Results at a Glance

95% liked the look of LAPP.ca

97% found the site easy to read

97% will return to the site



Congratulations to our website contest winners

Two lucky LAPP members are happy they took the time to visit the LAPP website to check out what's new! We offered members and retirees a chance to win an iPad or Apple Watch by telling us how LAPP.ca and our new secure section, Your Pension Profile, are meeting your needs.

Rita Bell is a LAPP retiree living in Bonnyville, Alberta, and the happy winner of an Apple iPad Air. Her name was drawn from the 6,905 total responses to our survey. Rita appreciates the fact that everything she needs to know about the Plan and her pension is at her fingertips on LAPP.ca, and she really enjoys the website's visual cues when navigating around.

Gregory Cummings, a LAPP member in Westlock, Alberta, is the winner of an Apple Watch. Gregory is

a runner just like our pension mascot, Benny, and his name was drawn from the 4,232 bonus entries correctly answering that Benny had no number on his jersey, once a member was logged into Your Pension Profile. Gregory has worked all over Canada and is happy about his decision to transfer those years of service with other plans when he first joined LAPP.

Congratulations to our winners and thank you to everyone who participated in the survey held between August 17-September 30, 2020. Your valuable feedback and survey responses will help shape the ongoing work and updates we do to ensure our members are **Always a LAPP Ahead**. Be sure to check out the website often and get in on future contests.

Message from LAPP's President and CEO



It goes without saying that 2020 has been a year of tremendous, unexpected challenges for Albertans and people around the world. As I will describe further below, LAPP has not been immune from the market and social upheaval caused by the global pandemic. However, it has been our mission – and, indeed, our privilege – to be here to ensure that you, our

members and Alberta's heroes in the health care, municipal and education sectors, did not need to worry about the security of your pensions on top of everything else you have been dealing with this year.

First and most importantly, I want to assure you that despite COVID-19 and the significant downturn in the Alberta economy, your LAPP pension remains secure and the Plan continues to be strong, well-funded and well-managed.

Although substantial investment losses were incurred in the first quarter of the year, a downside protection strategy pursued by LAPP Corporation (your pension manager) helped cushion the Plan against those losses. Since then, market rebounds in the second and third quarters of 2020 (Q2 and Q3) have helped to gain back most of the money lost and have set LAPP back on solid financial footing, thanks to a collective commitment to strong risk management.

We have answered many questions from members since April 21 when national headlines declared that the Plan's mandated investment manager, Alberta Investment Management Corporation (AIMCo), had lost \$2.1 billion on a failed volatility trading strategy (referred to as VOLTS). To be clear, LAPP's share of the loss from that investment strategy was \$902 million. However, the broader impact of COVID-19 on the markets and other underperformance resulted in AIMCo losing a total of \$5.1 billion (10.2% of the LAPP Fund) by the end of the first quarter.

Thankfully, LAPP had earned \$1.9 billion by then with the downside protection strategy I referred to above, thereby reducing LAPP's overall losses to only \$3.3 billion. In addition, LAPP was on solid financial footing when the year began, at 119% funded, which allowed the Plan to absorb

the temporary losses without the need to raise contribution rates for members and employers in 2021.

When markets rebounded and things started to turn around, global equity and capital markets experienced a staggering recovery. Lockdowns were lifted as countries started to recover from the first wave of COVID-19. Unprecedented central bank support and government program spending became the main drivers of the recovery, marked by a significant climb in market performance.

By the end of the third quarter, the LAPP fund was back in excess of year-end 2019 levels, at about \$50.6 billion, and if all goes well in this final quarter of 2020, the Plan will emerge from 2020 fully funded. We remain focused on strengthening the Plan to avoid the necessity of contribution rate increases for members and employers, especially now when a second wave of COVID-19 may bring more uncertainties and hardships in the days ahead.

Many of you have asked how AIMCo is responding to the VOLTS losses. The AIMCo Board has conducted a review of its risk management practices and has plans for a number of changes designed to improve the process for imbedding a strong risk management culture at all levels of the organization. AIMCo has met with our Board and management to communicate these findings throughout the process.

As we continue to work through these issues with the Plan's investment manager, as your pension manager we will continue to make the best decisions for LAPP that allow us to manage the Plan well, with a balanced approach to risk and reward. In addition, you can rely on us to have a strong commitment to the value provided by a defined benefit pension, which we discuss elsewhere in this newsletter. Our board members and management staff make this commitment to you.

Proper risk management is at the core of everything we do at LAPP Corporation. We remain focused on our mission to deliver promised pensions to our members at a reasonable cost to all. Careful planning continues to put us in a good position.

From everyone at LAPP Corporation, we wish the best to you and your families during this challenging holiday season. Please stay healthy and strong and know that your LAPP pensions will be there for you.

Chris Brown, President & CEO, LAPP Corporation

Be an ambassador for LAPP

Help take the politics out of pensions — useful tips for talking to others about your defined benefit plan.

At LAPP we work all year on updating our website to help you understand your pension and prepare for your retirement.

Something we have been working on lately is to help members and retirees understand “pension envy” and provide factual information to help you deal with it politely, should you be confronted.

Check out our Myth Buster video called [Neighbors](#). It’s a great place to start.

Pension envy is something we have seen come and go over several decades in Alberta. Its prominence at any given time depends on the ebb and flow of political campaigns and economic realities of the day.

As human nature goes, it is not unusual for people to envy each other, especially when times are tough. However, there are groups who, for their own political

purposes, will run campaigns to drive a wedge between people to turn envy into resentment and resentment into political action aimed at taking another’s hard-earned benefits away.

Perhaps there is not much we can do about the pension envy campaigners, except to try and correct the errors and exaggerations often printed in targeted publications. At LAPP, we will be attempting to do that on your behalf.

As members who have likely paid an average 10% of your salary as your contribution to your LAPP pension throughout your time with a LAPP employer, you do not need to apologize to anyone for saving for your retirement. Your pension is not paid for by taxpayers, as these organizations claim. It is paid for by you and your employer. Your portion gets deducted from your monthly cheque and the employer’s share is a benefit **earned** by you as part of your employment contract.

Continued on next page

LAPP IN THE ECONOMY



**ALBERTA'S
LARGEST
PENSION PLAN**



**7TH LARGEST
PLAN IN CANADA**

**70,000+ LAPP
RETIREES**

CONTRIBUTING

\$1.8-BILLION

PER YEAR TO THE ECONOMY

LARGEST AIMCO CLIENT

PROVIDING:

- \$50-billion stable capital for investing
- Economies of scale for other AIMCo/Alberta clients
- Low cost investment for all AIMCo/Alberta clients



**500,000+ MEMBERS
& SPOUSES**

INVESTING IN THEIR
RETIREMENT

Be an ambassador for your plan (con't)

Despite what is said, LAPP is not a “gold-plated pension” either. This is a term always used by groups orchestrating pension envy campaigns. The average annual pension paid by LAPP is about \$18,000 a year. Unless you have worked for a LAPP employer throughout a long career, you will actually need to supplement your retirement income with other savings and benefit plans.

What you don't hear from pension envy campaigns is the value other Albertans derive from your pension. We have about 70,000 LAPP retirees contributing \$1.8 billion per year to our economy.

Between 70-90% of member pensions are paid for by investment returns on a \$50-billion fund owned by LAPP members. That money is invested every day in companies and enterprises that keep people in jobs and paying taxes all year long.

People who retire with an adequate income can actually leave the job market, which opens opportunities for younger people badly in need of work. Someone with an adequate pension doesn't need to rely on a social safety net in order to survive, and they pay taxes every year and help pay for those who do.

You never hear those positive things from the pension-envy lobbyists; so we wanted to be sure you heard them from us.

LAPP IN THE COMMUNITY

LAPP RETIREES

REDUCE BURDEN ON TAXPAYERS
& SOCIAL PROGRAMS

LAPP DEFINED BENEFIT PLAN



SECURE,
PREDICTABLE
PENSION FOR LIFE

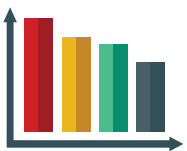


FUND MANAGED
BY PROFESSIONALS

ASSETS AND FUNDING

70-90%
OF MEMBER PENSIONS
PAID FOR BY
INVESTMENT RETURNS

\$50-BILLION
FUND OWNED BY
LAPP MEMBERS



DOWNWARD
TREND FOR
CONTRIBUTION
RATES



PROFESSIONAL
& RESPONSIVE
INVESTMENT
STRATEGIES



INDUSTRY-
LEADING RISK
MANAGEMENT



PRUDENT
FUNDING
PRINCIPLES
& PRACTICES



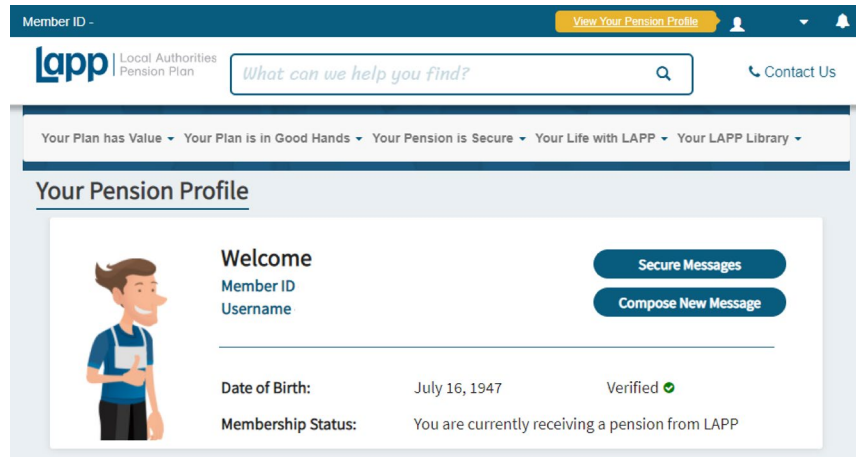
POWER OF
POOLING &
ECONOMIES OF
SCALE: SIZE
MATTERS

Your Pension Profile: your secure new section on LAPP.ca

You spoke and we listened. We've improved your online experience and integrated the features of mypensionplan right into **LAPP.ca**.

Now you can access all the information you need to manage your LAPP pension. It's all in one place that's easy to navigate and mobile-friendly.

You can use the same login information you once used for mypensionplan.ca to access this safe and secure section. Visit **Your Pension Profile** today, by clicking the Login button at the top right corner of the website.



Check out Your Pension Profile today to:

- Review and update your **contact information**, including **email address**
- View and update your chosen **beneficiary(ies)**
- Receive newsletters and some pension documents electronically by signing up to **Go Green**
- Send documents or requests for information to LAPP Member Services via **Secure Messages**
- View your annual **Pension Highlights statements**

LAPP Facts



92,583

Average number of **UNIQUE LAPP WEBSITE USERS** /mth



121,761

Average number of **LAPP WEBSITE PAGE VIEWS** /mth

2.6%

INCREASE IN LAPP MEMBERSHIP
over the prior year

45.6

AVERAGE AGE OF ALL ACTIVE MEMBERS

9.0

AVERAGE YEARS OF PENSIONABLE SERVICE
of all active members

71.9

AVERAGE AGE OF ALL LAPP RETIREES

\$18,012

AVERAGE YEARLY LAPP PENSION PAID



Important news about your pension plan inside!

Even though pensions may not seem exciting, it's important to learn about LAPP and how your pension works, no matter where you are in your career.

Looking for more information?

Check out the LAPP website at www.lapp.ca. Everything you need to know, and more, is there! Your LAPP pension is a valuable asset and you owe it to yourself to ensure you are ***Always a LAPP Ahead!***

LAPP Corporation is committed to providing members with easy-to-understand pension information on a regular basis. If you have thoughts on how this newsletter or other communications can be improved, please send an email to news@lapp.ca.

Contact Us

For information about your personal pension details, please contact us at:

1-877-649-5277

www.lapp.ca